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C O N F I D E N T I A L SECTION 01 OF 02 HAVANA 000597

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DEPT FOR WHA/CCA

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TAGS: [ECON](#) [PGOV](#) [PINR](#) [PREL](#) [ETRD](#) [CU](#)

SUBJECT: CUBA: MORE NEW CUSTOMS REGULATIONS

REF: HAVANA 516

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Classified By: COM: Michael E. Parmly: For reasons 1.4 (b/d)

¶1. (C) SUMMARY: The GOC has restructured customs regulations for non-commercial imports and exports. Several regulations that were originally independently introduced for different reasons at different times and by different ministries have been modified in what appears to be an attempt to harmonize the relevant tariff schedule. Although the measures have the look and feel of liberalizing change, they are better understood as a way to soak resources from exiles who were finding ways to bring in the listed items in any case. End Summary.

¶2. (U) Reftel explained many of the new regulation changes; although they became effective June 1st, they are only now being fully published and explained by the GOC. The new customs resolutions numbers 4 through 11 of 2007, combine with new resolutions from other GOC agencies: Ministry of Foreign Relations Resolution 83; Ministry of Trade Resolution 117; Ministry for Foreign Investment and Economic Cooperation Resolution 56; Ministry of Finances and Prices Resolutions 99, 113-115, and 120. Some of the modifications follow:

-- Articles which were prohibited before but can now be imported for non-commercial use:

- o Video players and recorders (VHS, DVD, Playstation 2, etc.)
- o Trailers
- o Motors, gear boxes, chassis for light motor vehicles
- o Bicycles, skateboards and electric scooters
- o Electric generators

-- The limit in value of imported articles, which used to be USD 250, is now USD 1,000.

-- The previous tariff rate, which on items valued at up to USD 250 was 100% of the value, is now a progressive tariff on items valued at up to USD 1,000 that can reach up to 200% of the value.

-- All permanent residents in Cuba pay customs duties in Cuban pesos, regardless of the reason for the trip or of

their nationality. Previously, in some cases, they had to pay in Cuban convertible pesos (CUC; 1 CUC = 1.08 USD).

-- The previous prohibition on importing articles -- other than personal items inside luggage -- more than once within a one-year period was eliminated. Passengers can now import articles up to a maximum value of USD 1,000 every time they enter the country.

-- Travelers must now present a customs declaration when non-personal articles are imported or when the quantity exceeds USD 5,000.

-- The limit on the number of cigars to export without a receipt of purchase required was increased from 26 to 50.

-- Postal and parcel deliveries valued up to USD 1,000 are now exempted from having to present a consular invoice.

-- Non-commercial mail deliveries, with a total value of up to 30 Cuban pesos (USD 1.25), addressed to individuals are exempted from customs duties. A tariff schedule was established for deliveries of a higher value.

-- Treatment of personal computers, previously ruled under a now-repealed regulation, will now fall in line with the new import limit of USD 1,000.

-- New time limits were established for the importation of goods by Cuban ship and aircraft crews and merchant marines, according to the kind of product.

#### Import/Export Restrictions

13. (U) The GOC published several official lists of specific  
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items which are still prohibited from importation. One dealt with electrical appliances, from microwaves to water heaters. The other addressed telecommunications equipment, from wireless fax to global positioning systems. A similar list was published on items which passengers are still restricted from taking into or out of the country.

#### COMMENT:

14. (C) The new customs regulations have the look and feel of liberalizing measures in the sense that: They reduce, and in some cases eliminate, previous prohibitions on imported products; reduce tariff rates on many items; increase the maximum allowable value of many imported -- for non-commercial use -- goods; and increase the frequency with which many of these goods can be imported. The new regulations eliminate measures that clearly irritated many travelers, and were unnecessarily burdensome. In point of fact, however, the measures also soak exile Cuban Americans with high tariff rates on items they were going to bring into Cuba in any case. One needn't be a cynic to recognize that fact which for years has motivated GOC economic policy.

15. (C) Permitting the importation of computers indicates that the GOC now considers personal computers non-threatening if/when used by the general population, as opposed to only nomenklatura. This can be read as the GOC acknowledging that the lack of computer skills among Cubans makes a mockery of the GOC's claims about the achievements of its educational system. More importantly, the regime tightly limits and controls access to the internet, making stand-alone computers much less of a threat to its information blockade.

16. (C) Finally, the new regulations attempt to reduce and homogenize the various customs categories for travelers (see Reftel). Expediting entry/exit of visitors could contribute

to reversing the recent decline in tourist numbers. Permanent residents of Cuba will pay the tariffs in Cuban national pesos, while all non-residents -- including Cuban Americans visiting family members -- will pay in hard currency (CUCs). The new tariff schedule benefits residents (who rarely get permission to travel in any case), while it hurts non-residents, who now face paying a drastically higher maximum amount. New changes notwithstanding, the customs process, the tariff schedule, and its application remain complicated, unpredictable, and selectively enforced.

PARMLY